

CITY COUNCIL AGENDA

AUGUST 27, 2002

SYNOPSIS

LINDA J. LE ZOTTE
FORREST WILLIAMS
CINDY CHAVEZ
CHUCK REED
NORA CAMPOS

DISTRICT 1
DISTRICT 2
DISTRICT 3
DISTRICT 4
DISTRICT 5

RON GONZALES MAYOR

KEN YEAGER
GEORGE SHIRAKAWA, JR.
DAVID D. CORTESE
JOHN DIQUISTO
PAT DANDO

DISTRICT 6
DISTRICT 7
DISTRICT 8
DISTRICT 9
DISTRICT 10

Welcome to the San José City Council meeting!

This Agenda contains both a Consent Calendar section for routine business items that require Council approval, and general business items arranged to correspond with San José's City Service Areas (CSAs). City Service Areas represent the policy-making level for strategic planning, policy setting, and investment decisions in the critical functions the City provides to the community. They are:

- ***Strategic Support Services*** — The internal functions that enable the CSAs to provide direct services to the community in an effective and efficient manner.
- ***Economic and Neighborhood Development*** — Manage the growth and change of the community in order to create and preserve healthy neighborhoods and ensure a diverse range of employment and housing opportunities.
- ***Recreation and Cultural Services*** — Serve, foster, and strengthen community by providing access to lifelong learning and opportunities to enjoy life.
- ***Transportation Services*** — A safe and efficient transportation system that contributes to the livability and economic health of the City.
- ***Environment and Utility Services*** — Manage environmental services and utility systems to ensure a sustainable environment for the community.
- ***Aviation Services*** — Provide for the air transportation needs of the community and the region at levels that are acceptable to the community.
- ***Public Safety Services*** — Commitment to excellence in public safety by investing in neighborhood partnerships as well as prevention, enforcement, and emergency preparedness services.

Items listed in Section 10 require approval of both the City Council and the San José Redevelopment Agency Board.

You may speak to the City Council about any item that is on the agenda, and you may also speak on items that are not on the agenda during Open Forum. If you wish to speak to the City Council, please refer to the following guidelines:

1. **Fill out a Yellow Speaker's Card and submit it to the City Clerk seated at the front table. Do this before the meeting or before the item is heard.** This will ensure that your name is called for the item/s that you wish to address, and it will help ensure the meeting runs smoothly for all participants.
2. When the Council reaches your item on the agenda, Mayor Ron Gonzales will open the public hearing and call your name. Please address the Council from the podium, which is located to the left of the City Clerk's table.
3. Each speaker generally has two minutes to speak per item. The amount of time allotted to speakers may vary at the Mayor's discretion, depending on the number of speakers or the length of the agenda.
4. To assist you in tracking your speaking time, there are three lights located to the far right of the podium. The green light turns on when you begin speaking; the yellow light turns on when you have 30 seconds left; and the red light turns on when your speaking time is up.

Please be advised that, by law, the City Council is unable to discuss or take action on issues presented during Open Forum. According to State Law (the Brown Act) items must first be noticed on the agenda before any discussion or action.

The San José City Council meets every Tuesday at 1:30 p.m. and every first and third Tuesday at 7 p.m., unless otherwise noted. If you have any questions, please direct them to the City Clerk's staff seated at the tables just below the dais. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.

- **Call to Order and Roll Call**
9:30 a.m. Closed Session, Room 600, City Hall
Absent Council Members: Dando (excused).
- 1:35 p.m. Regular Session, Council Chambers, City Hall**
Absent Council Members: None.
- 7:05 p.m. Joint Council/Redevelopment Agency Session, Council Chambers, City Hall**
Absent Council Members: None.
- **Invocation (District 7)**
Shirakawa Elementary School Winds Ensemble, which consisted of:
Flutists: Giang Mai, Julie Vu, Amy Nguyen, Kim Pham, Whitney Huynh
Clarinetists: Constance Bobb, Vivian Nguyen, Nhu-y Nguyen, delivered the invocation.
- **Pledge of Allegiance**
Mayor Gonzales led in the Pledge of Allegiance.
- **Orders of the Day**
Approved.

1 CEREMONIAL ITEMS

- 1.1** Presentation of plaques to E. Ronald Blake and Arthur Knopf, both for 4 years service on the Airport Commission; to Anne Marie Barrett and Robert Miller, both for 6 years service on the Arts Commission, and to Magda Madriz for 7 years service on the Arts Commission; to Rosa Campos for 2 years 11 months service on the CDBG Steering Committee; to Chris Luna for 3 years 7 months service on the CDBG Steering Committee; to Patricia Dunning and Marti Wachtel, both for 3 years 10 months service on the Historic Landmarks Commission; to Sharon Godbolt for 4 years service on the Planning Commission; to Gloria Chun Hoo for 8 years service on the Planning Commission; to Philip Barone, Evelyn Bitbadal, and Jennifer Faulkner for 4 years service on the Child Care Commission; and to Devonne MacLaren for 1 year 7 months service on the Child Care Commission. (Mayor)
- Mayor Gonzales presented the plaques to the commissioners who were present. Plaques will be mailed to commissioners who were not present.**

2 CONSENT CALENDAR

2.1 Approval of Minutes.

None.

2.2 Final adoption of ordinances.

None.

2.3 Approval of a lease of agreement for ramp and office space at the Airport.

Recommendation: Approval of a first amendment to the lease agreement with San José Jet Center for ramp and office space at Norman Y. Mineta San José International Airport to support its commercial airline fueling operations, extending the term of the agreement from September 11, 2002 through September 30, 2012, with annual revenue to the City of \$41,844. CEQA: Resolution No. 67380, PP 99-11-209. (Airport)

Approved.

2.4 Approval of various agreements for advance water treatment studies for recycled water.

Recommendation: Adoption of a resolution authorizing the City Manager to:

- (a) Negotiate and execute no-fee equipment rental agreements with US Filters and Ionics Ultra Pure Water Corporation to obtain advanced water treatment (AWT) pilot test equipment for a study of advanced water treatment of recycled water;
- (b) Execute an agreement with the Santa Clara Valley Water District to receive an amount not to exceed \$113,678 towards the costs of the AWT study;
- (c) Execute a continuation agreement with MWH Americas, Inc., extending the term of the agreement from March 31, 2002 to September 30, 2003, and increasing compensation by \$88,900, for a total agreement amount not to exceed \$3,663,900.

CEQA: Exempt. (Environmental Services)

Resolution No. 71175 adopted.

2.5 Approval of fiscal actions related to the Geographic Information Systems Basemap Project.

Recommendation: Adoption of appropriation ordinance amendments in the General Fund to:

- (a) Establish an appropriation to the Information Technology Department for the Geographic Information Systems Basemap Project in the amount of \$300,000.
- (b) Decrease the Geographic Information Systems Improvements Earmarked Reserve by \$300,000.

(Information Technology/City Manager's Office)

Ordinance No. 26720 adopted.

2 CONSENT CALENDAR

2.6 Approval of an agreement for improvements in a portion of Cahill Park.

Recommendation: Adoption of a resolution authorizing the Director of Public Works to negotiate and execute an agreement for the construction and installation of park improvements in a portion of Cahill Park by SummerHill Homes, Inc. (SHI), to be reimbursed by the City in an amount not to exceed \$200,000. (APN 261-36-074/078) CEQA: Negative Declaration, PDC00-11-116. Council District 6. SNI: Burbank/Del Monte. (Parks, Recreation and Neighborhood Services/Public Works)

Resolution No. 71176 adopted.

2.7 Approval to set a public hearing to vacate a portion of a public service easement.

Recommendation: Adoption of a resolution of intention to vacate a portion of a public service easement lying within Lot 6 as shown on that certain Tract No. 9380, recorded December 20, 2001 in Book 746 on pages 8-11, Official Records of Santa Clara County, California; and setting a public hearing on September 17, 2002 at 1:30 p.m. CEQA: Negative Declaration, PDC00-11-116. Council District 6. SNI: Burbank/Del Monte. (Public Works)

Resolution No. 71177 adopted.

2.8 Approval of Contract Change Order for the construction of the San José Family Camp Restrooms (Phase II).

Recommendation: Adoption of a resolution increasing the contingency for the San José Family Camp Restrooms, Phase II by \$28,000, and approval of Contract Change Order No. 3 to extend the construction completion date to January 13, 2003. CEQA: Exempt, PP 01-01-010. (Public Works)

Resolution No. 71178 adopted.

2.9 Acceptance of the San José Arena Authority Ticket Distribution Program Report.

Recommendation: Acceptance of the Second Quarter 2002 San José Arena Authority Ticket Distribution Program Report. (San José Arena Authority)

Approved.

2.10 Approval of an agreement for research on the use of municipally generated waste products and clopyralid contaminated compost.

Recommendation: Approval of a continuation agreement with the University of California Cooperative Extension, Santa Clara (UCCE) for research on the use of municipally generated yard waste and food waste products and clopyralid contaminated compost to extend the contract term from August 1, 2002 through August 1, 2003, and increase the maximum compensation by \$30,000, for a total agreement amount not to exceed \$121,000. (Environmental Services)
(Deferred from 8/13/02 – Item 2.7 and 8/20/02 – Item 2.11)

Approved.

2 CONSENT CALENDAR

2.11 Approval of an agreement for the maintenance of the proposed Bailey Avenue/Route 101 Interchange.

Recommendation: Approval of the Freeway Maintenance Agreement with the State of California providing for the maintenance of the proposed Bailey Avenue/Route 101 Interchange. CEQA: Resolution No. 68705. Council District 2. (Public Works)
(Deferred from 8/13/02 – Item 2.9 and 8/20/02 – Item 2.12)

This Item deferred to September 3, 2002.

END OF CONSENT CALENDAR

3 STRATEGIC SUPPORT SERVICES

3.1 Report of the Study Session

Mayor Gonzales, Chair

No Report.

3.2 Report of the Rules Committee – August 14, 2002

Vice Mayor Shirakawa, Jr., Chair

(a) Redevelopment Agency items reported out at Redevelopment Agency meeting
The Redevelopment Agency items to be reported out at Redevelopment Agency Board meeting.

(b) City Council

(1) Review August 27, 2002 Draft Agenda

This item was reported at the August 20, 2002 Council meeting.

(2) Add New Items to August 20, 2002 Agenda

This item was reported at the August 20, 2002 Council meeting.

(c) City Council Committees

(1) Amendments to Council Committee Agendas

(a) Finance and Infrastructure Committee

(b) Economic Development and Environment Committee

(c) Education, Neighborhoods, Youth, and Seniors Committee

None filed.

(d) Meeting Schedules

There were none.

(e) The Public Record

The Committee noted and filed the Public Record.

3 STRATEGIC SUPPORT SERVICES

3.2 Report of the Rules Committee – August 14, 2002 (Cont'd)

- (f) Boards, Commissions and Committees
The Committee directed the City Clerk to re-advertise for a District 4 Youth Commissioner.
- (g) Council Referrals for Assignment to Appropriate Committee, Administration, or Council Appointee
The Committee directed Staff to report back to the City Council in 60 days with an appropriate plan to deal with the anticipated arrival of the West Nile Virus. The Committee directed the City Auditor to review the Black Chamber of Commerce's City-funded programs and requested Staff to return to Rules Committee next week with a workload assessment to complete the audit.
- (h) Administrative Reviews and Approval
 - (1) Approve request from Council Member Campos to use Council General funds to attend League of California Cities Policy Committee Meetings in Sacramento, CA, August 16, 2002
The Committee recommended approval for Council Member Campos' use of Council General funds to attend the League of California Cities Policy Committee Meetings in Sacramento, CA, August 16, 2002.
 - (2) Approve request from Council Member Dando to use Council General funds to attend National Association of Latino Elected & Appointed Officials Conference in Albuquerque, NM, June 27-30, 2002
The Committee recommended approval for Council Member Dando's use of Council General funds to attend the National Association of Latino Elected & Appointed Officials Conference in Albuquerque, NM, June 27-30, 2002.
- (i) Oral communications
None were presented.
- (j) Adjournment
The meeting adjourned at 2:25 P.M.

3 STRATEGIC SUPPORT SERVICES

3.3 Report of the Finance and Infrastructure Committee – August 14, 2002

Council Member Dando, Chair

- (a) Consent Items
 - (1) Monthly Investment Report for May 2002 and June 2002
 - (2) Minutes from the Second Quarter Investment Committee Meeting

The Committee accepted the Consent Items.
- (b) Unfunded Projects Appropriation Report
The Committee accepted the staff report.
- (c) June Monthly Report
The Committee accepted the staff report.
- (d) An Audit of City Hall Department's Petty Cash and Change Funds
The Committee accepted the staff report.
- (e) Oral petitions
None.
- (f) Adjournment
The Committee was adjourned at 2:45 P.M.

3.4 Adoption of an ordinance ratifying final expenditures in various appropriations for FY 2001-2002.

Recommendation: Adoption of an ordinance ratifying final expenditures in various appropriations for FY 2001-2002. (City Manager's Office)

Ordinance No. 26721 adopted.

3.5 Interview to fill the attorney's position on the Appeals Hearing Board.

Recommendation: Interview of the remaining candidate to fill the attorney's position on the Appeals Hearing Board, for an unexpired term ending December 31, 2004. (City Clerk)

(Continued from 8/13/02 – Item 3.4)

The City Council interviewed the last of four candidates for the attorney's position on the Appeals Hearing Board and upon the 4th ballot, selected Kelly Raftery for the position.

4 ECONOMIC & NEIGHBORHOOD DEVELOPMENT

- 4.1 Report of the Economic Development & Environment Committee
Council Member Williams, Chair
No Report.**

- 4.2 Approval of various actions related to the Mayfair Neighborhood
Acquisition/Rehabilitation Pilot Program.**

Recommendation: Adoption of a resolution:

- (a) Approving an amendment to the \$1,000,000 grant agreement with Neighborhood Housing Services Silicon Valley (NHSSV) to enable a geographic expansion of the Mayfair Neighborhood Acquisition/Rehabilitation Pilot Program into all Strong Neighborhoods Initiative (SNI) areas.
- (b) Approving a contract with NHSSV for acquisition and loan financing services, and for a contract term from July 1, 2002 to June 30, 2003, for a contract amount not to exceed \$100,000.
- (c) Finding that the use of 20% Housing Funds to capitalize the expanded Acquisition/Rehabilitation Program and to underwrite expenses by NHSSV to administer the Program are a benefit to redevelopment project areas in San José.

CEQA: Exempt, PP 02-07-200. (Housing)

(Deferred from 8/13/02 – Item 4.2)

This item was dropped.

- 4.3 Public hearing on petition for tentative partial cancellation of land conservation contract.**

Recommendation: PUBLIC HEARING ON PETITION FOR TENTATIVE PARTIAL CANCELLATION OF LAND CONSERVATION CONTRACT (Williamson Act), for property consisting of 3.5 acres located on the northeast corner of Fleming Avenue and Warner Drive (Rolando Loera, Owner). CEQA: Negative Declaration. Director of Planning, Building, and Code Enforcement recommends approval. No Planning Commission action required.

Contract No. 71-234 - District 5

(Continued from 8/20/02 – Item 11.3)

This item was continued to September 17, 2002.

5 RECREATION & CULTURAL SERVICES

- 5.1 Report of the Education, Neighborhoods, Youth, and Seniors Committee
Council Member Chavez, Chair
No Report.**

5 RECREATION & CULTURAL SERVICES

5.2 Acceptance of quarterly status report on the Parks and Recreation and Branch Library Bond Projects.

Recommendation: Acceptance of staff's quarterly status report on the Parks and Recreation and Branch Library Bond Projects. (City Manager's Office)

Approved.

5.3 Approval of agreements for use of the City's share of Open Space Funding Program.

Recommendation: Adoption of a resolution authorizing for the City Manager to negotiate and execute agreements with the County of Santa Clara and the Santa Clara County Open Space Authority for use of the City's share of Twenty Percent (20%) Open Space Funding Program up to \$900,000 to equally fund, with the County of Santa Clara, the acquisition of the Pyzak Property (APN 704-11-010) for open space. CEQA: Exempt, PP02-06-142. Council District 2. (Parks, Recreation and Neighborhood Services)

Resolution No. 71179 adopted.

5.4 Approval to modify the in-lieu fee schedule and credits associated with Park Impact and Parkland Dedication Ordinances.

Recommendation: Adoption of a resolution modifying the in-lieu fee schedule and credits associated with Table 1 of the Park Impact and Parkland Dedication Ordinances (PIO and PDO) Resolution No. 71120 for projects in-process based on one hundred percent (100%) of the land values indicated in the 1997 Residential Land Value Study by allowing the in-process projects to have until January 1, 2004 to either file for a building permit application for PIO projects, or an application for a final map for PDO projects. CEQA: Exempt, PP02-05-131. (Parks, Recreation and Neighborhood Services/Planning, Building and Code Enforcement)

Resolution No. 71180 adopted.

5.5 Approval to award a contract for the Kelley Park Maintenance Area Project.

Recommendation:

- (a) Report on bids and award of contract for the Kelley Park Maintenance Area Project to the low bidder, JFC Construction, Inc., for the base bid in an amount of \$657,750, and approval of a ten percent contingency in an amount of \$66,000. CEQA: Exempt, PP01-10-186.

Approved.

5 RECREATION & CULTURAL SERVICES

5.5 Approval to award a contract for the Kelley Park Maintenance Area Project. (Cont'd)

Recommendation:

(b) Adoption of the following appropriation ordinance amendments in the Parks Maintenance Yards Fund:

(1) Increase the Kelley Park Maintenance Yard Renovation project by \$145,000.

(2) Decrease the Ending Fund Balance by \$145,000.

(Public Works/City Manager's Office)

Ordinance No. 26722 adopted.

6 TRANSPORTATION SERVICES

6.1 Approval of a report from the San José Taxicab Advisory Team.

Recommendation: Approval of the report from the San José Taxicab Advisory Team ("Team") and:

(a) Direction to the City Manager and San José Redevelopment Agency Director to work with the Team to identify the funding needed to support the marketing and customer evaluation components of their recommendations;

(b) Direction to the Chief of Police to approve the proposed pilot temporarily suspending the issuance of permits to additional taxicab companies not licensed as of July 1, 2002; and,

(c) Amend the Taxicab Rate, Fares and Tariffs Resolution to increase the current per mile rate of \$2.25 per mile (.25 per 1/9 mile) to \$2.50 (.25 per 1/10), amending the flag drop from \$2.00 (including 1/9 mile) to \$2.00 per 1/10 mile), and maintain the same wait time calculation of \$.20/36 seconds (\$20 hour).

(City Manager's Office/San José Taxicab Advisory Team)

(Deferred from 6/18/02 – Item 6.4 et al., and 8/6/02 – Item 6.1)

This item was deferred to September 17, 2002.

6.2 Approval of an agreement related to the Route 87 Freeway Project.

Recommendation: Approval of a fifth amendment to the consultant services agreement with Parsons Transportation Group, Inc. relating to the Route 87 Freeway Project, extending the term of the agreement from August 31, 2002 to June 30, 2003, and increasing the total amount of compensation by \$510,000, for a total agreement amount not to exceed \$3,363,000. CEQA: Resolution No. 65071. Council District 3.

(Transportation)

Approved.

7 ENVIRONMENTAL & UTILITY SERVICES

7.1 Public Hearing on approval of a franchise and a Commercial Solid Waste and Recyclables Collection Franchise Agreement.

Recommendation: PUBLIC HEARING on the Commercial Solid Waste and Recyclables Collection Franchise application of Mesloh Demolition and Recycling (M.D.R.), approval of an ordinance granting the franchise, and approval of Commercial Solid Waste and Recyclables Collection Franchise agreement with Mesloh Demolition and Recycling (M.D.R.). CEQA: Negative Declaration, PP92-11-308. (Environmental Services)

Ordinance No. 26723 passed for publication.

7.2 Approval of an agreement for design and support services of Fiscal Year 2002-2003 Capital Improvement Projects at the San José/Santa Clara Water Pollution Control Plant.

Recommendation: Approval of an agreement with Malcolm Pirnie, Inc., for design and support services of the Fiscal Year 2002-2003 Capital Improvement Projects at the San José/Santa Clara Water Pollution Control Plant, in an amount not to exceed \$875,000, and additional services in an amount not to exceed \$115,000, for a total agreement amount not to exceed \$990,000. (Environmental Services)

Approved.

7.3 Approval of the Urban Runoff Management Plan Annual Report.

Recommendation: Authorization to submit the Urban Runoff Management Plan Annual Report and certification to the Regional Water Quality Control Board in conformance with the City's Municipal Separate Storm Sewer System National Pollutant Discharge Elimination System (NPDES) permit requirements, pursuant to the Federal Clean Water Act by the September 15, 2002 due date. (Environmental Services)

This item deferred to September 3, 2002.

7.4 Clarification of a definition of the Disposal Facility Tax Ordinance.

Recommendation: Direct the City Attorney to clarify the language included in the Disposal Facility Tax Ordinance definition changes made and approved by the City Council on June 18, 2002, revise the definition of cover material for the purpose of the Disposal Facility Tax, wherein exemptions for petroleum contaminated soils and sludge materials are continued and are therefore not subject to the fee. (Mayor)
(Rules Committee referral 8/21/02)

Approved.

8 AVIATION SERVICES

9 PUBLIC SAFETY SERVICES

10 JOINT COUNCIL/REDEVELOPMENT AGENCY

REDEVELOPMENT AGENCY BOARD CONVENED TO CONSIDER ITEM 10.1 IN A JOINT SESSION WITH REDEVELOPMENT ITEM 7.6.

10.1 Consideration of repeal of resolutions and/or approval of superseding resolutions relating to the development of commercial properties in the Story Road Redevelopment Project Area in the vicinity of Story and King Roads.

Recommendation: Public Hearing and

- (a) Adoption of a superseding resolution by the City Council approving the sale of the project site (generally located on the commercial properties on the southwest and southeast corners of Story and King Roads) to BHV San Jose, LLC, accepting the 33433 Summary Report and Re-Use Appraisal, and finding that the sale of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Story Road Redevelopment Project Area and that the consideration for the property is not less than the fair reuse value for the proposed use, with the covenants and conditions and development costs authorized by the Disposition and Development Agreement (DDA); and,
- (b) Adoption of a superseding resolution by the Agency Board approving the proposed DDA between BHV San Jose, LLC, and the Redevelopment Agency for the redevelopment of the commercial property at the southeast and southwest corners of Story and King Roads, authorizing the Executive Director to negotiate and execute purchase and sale agreements for site acquisition required under the DDA, technical amendments required by the Developer's lender, and the master lease and sublease agreement for the Mercado, and authorizing the Executive Director to convey property to the developer once the conditions of conveyance have been met; and,
- (c) Adoption of a superseding resolution by the Agency Board approving the Business Relocation Program for the proposed retail redevelopment of the southwest and southeast corners of Story and King Roads.

CEQA: Mitigated Negative Declaration. (STORY ROAD) (Redevelopment Agency)

This item was heard in the evening.

See Redevelopment Agency agenda, item 7.6 for Council action taken.

**REDEVELOPMENT AGENCY BOARD PORTION OF THE MEETING
ADJOURNED.**

- **Closed Session Report**

None.

- **Notice of City Engineer's Pending Decision on Final Maps**

In accordance with Sec. 19.16.140d of the San Jose Municipal Code, this is notice of the City Engineer's pending decision on the following Final Maps:

None.

In accordance with Sec. 19.16.140d of the San Jose Municipal Code, this is notice of the City Engineer's receipt of the following Final Maps for review:

<u>Tract</u>	<u>Location</u>	<u>Council District</u>	<u>Developer</u>	<u>Lots/Units</u>	<u>Type</u>
9446	S 3rd Street & Keyes Street	3	FF Development	176 units	Multi- Family Attached

- **Open Forum**

- **Adjournment**

The Council of the City of San Jose adjourned at 2:35 P.M.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.1 Approval of amendments to the Joint City/Agency Policy on Inclusionary Housing Requirements and settings revised amounts for the in-lieu fees provided by the policy.

Recommendations:

- (a) Adoption of resolutions by the City Council and Agency Board amending the City of San Jose Policy on Implementation of the Redevelopment Inclusionary Housing Requirements to:
 - (1) Provide that is shall not be inconsistent with the Inclusionary policy for the City or Agency to provide financial assistance towards the development of the required Inclusionary units provided that at least 50% of the total units in the project will be Restricted Affordable Units, such assistance is provided pursuant to a Second Mortgage Program established by the City or Agency to expand the income levels of potential homebuyers of Restricted Affordable Units, or such assistance is provided by the Redevelopment Agency from 80% funds to a project that is approved by the agency Board.
 - (2) Provide that the amount of in-lieu fees will be established in the City Council's annual resolution establishing the Schedule of Fees and Charges.

Resolution No. 71181 adopted.

Agency Resolution No. 5337 adopted.

- (b) Adoption of a resolution by the City Council amending the Schedule of Fees and Charges for Fiscal Year 2002-2003 to establish the following In-Lieu Fees for Alternative Restricted Units under the Policy:
 - (1) For a rental Alternative Restricted Unit to be developed within Redevelopment Project Areas: \$63,000.
 - (2) For an ownership Alternative Restricted Unit to be developed within Redevelopment Project Areas: \$50,000.
 - (3) For either rental or ownership Alternative Restricted Unit to be developed outside of Redevelopment Project Areas the fees in (b) (1) and (2) will be doubled.

Resolution No. 71182 adopted.

7.2 Approval of a Second Mortgage Program for income-qualified homebuyers.

Recommendations: Adoption of resolutions by the City Council and Agency Board to establish and implement a Second Mortgage Program that will provide financial assistance to individuals and families whose income is 120 percent of the median or less for the purchase of a newly constructed housing unit located in a Redevelopment Project Area.

Resolution No. 71183 adopted.

Agency Board Resolution No. 5338 adopted.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.3 Approval of an Exterior Grant program in the SNI Redevelopment Project Area.

Recommendation: Approval by the City Council and Agency Board of an Exterior Grant program for residential properties in the Strong Neighborhoods Initiative (SNI) Redevelopment Project Area and in Planning Areas that have included housing rehabilitation as one of their top-ten priorities. CEQA: Exempt, PP08-02-223.

Approved.

7.4 Approval of an Exterior Grant program in the Hensley Historic District.

Recommendation: It is recommended that:

- (a) The Agency Board adopt a resolution stating that the use of Agency funds for Exterior Rehabilitation Grants for the part of the Hensley Historic District that is adjacent to the 13th Street Redevelopment Project Area will primarily benefit the Project Area.

Agency Board Resolution No. 5339 adopted.

- (b) The City Council and Agency Board adopt resolutions approving an Exterior Grant program for residential properties in the Hensley Historic District.

Resolution No. 71184 adopted.

Agency Board Resolution No. 5340 adopted.

- (c) The City Council adopt appropriate ordinance and funding source resolutions in the HOME Investment Partnership Fund of \$1,960,000 for an Exterior Grant program for the Hensley Historic District. CEQA: Exempt, PP08-02-222

Ordinance No. 26724 adopted.

Resolution No. 71185 adopted.

7.5 Approval of a Cooperation Agreement between the City of San Jose and the Redevelopment Agency.

Recommendation: Adoption of resolutions by the City Council and Agency Board Approving a Cooperation Agreement between the City of San Jose and the Redevelopment Agency, which provides for the establishment and administration of various housing programs financed by the Agency.

Resolution No. 71186 adopted.

Agency Board Resolution No. 5341 adopted.

The Joint Redevelopment Agency/Council recessed at 3:24 P.M. to reconvene at 7:00 P.M. to hear Item 7.6.

7 JOINT REDEVELOPMENT AGENCY/COUNCIL

7.6 Consideration of repeal of resolutions and/or approval of superseding resolutions relating to the development of commercial properties in the Story Road Redevelopment Project Area in the vicinity of Story and King Roads.

Recommendation: Public Hearing and

- (a) Adoption of a superseding resolution by the City Council approving the sale of the project site (generally located on the commercial properties on the southwest and southeast corners of Story and King Roads) to BHV San Jose, LLC, accepting the 33433 Summary Report and Re-Use Appraisal, and finding that the sale of the property will assist in the elimination of blight, is consistent with the Implementation Plan for the Story Road Redevelopment Project Area and that the consideration for the property is not less than the fair reuse value for the proposed use, with the covenants and conditions and development costs authorized by the Disposition and Development Agreement (DDA); and,

Resolution No. 71187 adopted.

Noes: Dando, Reed.

- (b) Adoption of a superseding resolution by the Agency Board approving the proposed DDA between BHV San Jose, LLC, and the Redevelopment Agency for the redevelopment of the commercial property at the southeast and southwest corners of Story and King Roads, authorizing the Executive Director to negotiate and execute purchase and sale agreements for site acquisition required under the DDA, technical amendments required by the Developer's lender, and the master lease and sublease agreement for the Mercado, and authorizing the Executive Director to convey property to the developer once the conditions of conveyance have been met; and,

Agency Board Resolution No. 5342 adopted.

Noes: Dando, Reed.

- (c) Adoption of a superseding resolution by the Agency Board approving the Business Relocation Program for the proposed retail redevelopment of the southwest and southeast corners of Story and King Roads.

CEQA: Mitigated Negative Declaration. (STORY ROAD) (Redevelopment Agency)

Agency Board Resolution No. 5343 adopted.

Noes: Dando, Reed.

The Council/Agency Board directed that existing tenants of the Tropicana Shopping Center will be provided the opportunity to negotiate leases, which will evenly phase in rent increases from current rates to fair market rents over the first five years after construction is completed.

- **Open Forum**
Gregory D. Nichols commented on illegally parked police vehicles.
- **Adjournment**
The City Council Redevelopment Agency Board adjourned at 9:34 P.M. in Council Chambers.